

Glossary

Actor

Person or business that plays an active role within a market chain.

Advertising

Any form of marketing communication in the paid media.

Agent

A channel institution which represents one or more suppliers for a fee.

Agribusiness

Involves the manufacture and distribution of farm supplies, production operation on the farm and the storage, processing, and distribution of farm commodities and items made from them.

Agricultural extensification

Using more land or animals to increase agricultural output.

Agricultural intensification

Increased agricultural output from increased productivity or yield per unit of land.

Agroenterprise

A business or firm, typically small-scale in nature, often based in a rural location that produces and sells agriculturally-based products or services.

Appellation

System by which a product is legally protected to support marketplace differentiation based on its place or origin or method of processing.

Arbitrage

The simultaneous purchase and sale of a commodity in two different markets to take advantage of differences in prices of that commodity in the markets.

Assets

Items of money value owned by a business or person, including such items as land, buildings, machinery, tools, etc.

Barrier to entry

Costs or conditions that must be met in order to gain access to a particular type of market.

Barter

The direct exchange of goods and services between two parties, often without cash considerations.

Benchmarking

The process of comparing the company's products and processes to those of a competitor or leading firm in other industries to find ways to improve quality and performance.

Biodegradable products

Products made from biological materials that break down within a relatively short period of time when disposed of or left to degrade under natural conditions. These products are not considered harmful to the environment as they break down into non-noxious products.

Biotechnology

New area of biological science pertaining to propagation, transformation, and the recombination of genetic materials that is conducted in controlled, sterile conditions. This technology often uses sophisticated non-traditional methods for enabling genetic propagation and genetic manipulation. It is used to produce genetically modified organisms (GMO's).

Brand

A name, term, sign, symbol, logo, phrase intended to identify the goods or services of one seller to differentiate them from those of competitors. A recognized brand is one which has strong customer loyalty.

Broker

A channel institution which puts a specific buyer(s) and seller(s) in contact with one another in one or more commodity(ies) or service(s) with a view to achieving a sale or benefit.

Budget

An amount of money set aside to cover the total cost of a communication campaign or other marketing activity.

Business Development Service (BDS)

Any business or business entity that offers information and activities in the marketing system that facilitates a second business, thereby improving its operational and pricing efficiency. In some cases the term BDS is used to capture all of those business services other than financial services, such as input supply, processing, advisory services.

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Capital

Productive resources (goods) that are available, as a result of past human decisions, to produce other want-satisfying goods.

C.I.F.

A contract of sale “cost, insurance freight” of the documents of title, not the goods, whereby the buyer is under an obligation to pay against the shipping documents irrespective of the arrival of the goods.

Collective action

Term used to describe group activities, used to increase economies of scale.

Collusion

Process through which traders artificially fix prices above the price they would achieve in a situation of perfect competition.

Commodity

Product for sale in the marketplace. Term originally coined to differentiate products that were essential, termed *utilities*, with new products such as coffee and cocoa that was considered to be exotic and desirable. Nowadays, commodities tend to be used for products in high volume trading.

Comparative advantage

One country enjoying a lower production ratio (input to outputs) than another country under total specialization, due to resource endowments.

Comparative analysis

Comparing the same set of statistics within a category of one country with another for the purpose of estimating potential demand.

Competition

A product, organization, or individual, in either the same or another category which can be directly substituted one for the other in fulfilling the same needs or wants.

Competitive advantage

The ability of a firm to complement traditional comparative advantage with additional attributes related to its cost structure and core competencies, such as the business strategy, quality of the business environment, and demand conditions that gives market superiority for one firm or cluster of firms relative to competing firms.

Competitive strategy

The adoption of a specific target market and marketing mix stance in the marketplace.

Cooperative

A collection of organizations or individuals, pooling their resources in order to gain commercial or non-commercial advantage in buying, selling, or processing goods and/or services.

Customer satisfaction

The extent to which a product's perceived performance matches a buyer's expectation. If the product's performance falls short of expectations, the buyer is dissatisfied. If performance matches or exceeds expectations, the buyer is satisfied or delighted.

Demand

The quantity of products that the consumers can buy.

Discount

A reduction in price on purchases during a stated period of time.

Distribution channel

An institution through which goods or services are marketed giving time and place utilities to users.

Dumping

The selling of goods or services in a buying country at less than the production unit price in the selling country, or the difference between normal domestic price and the price at which the product leaves the exporting country.

Duty

The actual custom duty based on an imported good either on an *ad valorem*, or specification amount per unit or combination of these two.

Economic rent

Return in excess of opportunity cost, often enabled through political protection.

Effective market demand

When needs and desires are supported by the ability to pay.

Elastic supply

A supply elasticity coefficient of more than one indicates an elastic supply, the percentage increase in supply being greater than the percentage increase in price.

Entrepreneur

Person who organizes resources to produce and market goods and services.

Exchange

The act of obtaining a desired object by offering something in return.

Exchange rate

The ratio of exchange of one currency to another.

Exporting

The marketing of surplus goods produced in one country into another country.

Fair trade

Marketing strategy used to differentiate products produced by smallholder farmers and sold through equitable and transparent trading systems. This system is used as an alternative to less equitable trading systems being used by some larger corporate agencies in commodity trading.

Firm

A decision-making business entity that uses resources hired from households to produce goods and services for sale to households or other consuming units.

Fixed costs

Those costs incurred for resources that do not change as output is increased or decreased.

F.O.B.

A contract of sale “free on board” whereby the seller undertakes to place the goods on board a named ship at a named port and berth and carry all charges up to delivery over the ships rail.

Focus group

A small sample of typical consumers (or interest group) under the direction of group leader, who elicits their reaction to stimulus such as an advertisement, an idea, a question, or concept.

Foreign exchange

Facilities business across national boundaries, usually expressed in foreign currency bought or sold on the foreign exchange market.

Futures option

A legally binding contract to deliver/take delivery on a specified date of a given quality and quantity of a commodity at an agreed price.

Gatekeepers

People in the organizations buying center, or point in a market chain, who control the flow of information to others.

Global products

Products designed to meet global market segments.

Globalization

The integration of international transport, finance, and communications systems and services to enable transnational trading of goods and services.

Gross domestic product (GDP)

The value of all goods and services produced by a country’s domestic economy in one year.

Gross marketing margin

Is the sum of all marketing costs plus profits.

Gross national product (GNP)

The market value of all goods and services outputted by residents of a country in one year including income from aboard.

Hedging

A mechanism to avoid the risk of a decline in the future market of a commodity, usually by entering into futures markets.

Horizontal integration

The combination of two or more enterprises or firms operating at the same point in the market chain.

Human capital

The educational investment that improves the knowledge and productivity of people.

Human need

A state of deprivation that can be addressed or reduced by a product.

Human wants

The form that a human needs takes as shaped by culture and individual personality.

Income elasticity measurements

A description of the relationship between the demand for goods and changes in income.

Income elasticity of demand

The responsiveness of quantity purchased to a 1 percent change in income, *ceteris paribus*.

Income per capita

The market value of all goods and services outputted by a country divided by the total number of residents of that country.

Inelastic supply

Products that have a supply elasticity between zero and one the supply elasticity is considered to be inelastic. The percentage change in supply is less than the percentage change in price.

Inflation

A condition where demand outstrips supply or costs escalate, affecting an upward change in prices.

Information system

A system for gathering, analyzing, and reporting data aimed at reducing uncertainty in business decision making.

Innovation

An idea, service, product, or technology that has been developed and marketed to a consumer who perceives it as novel. It is a process of identifying, creating, and delivering new product or service values that did not exist before in the marketplace.

Input markets

Markets focused on products that supply production-based activities; in agriculture this typically means market actors that supply seeds, tools, finance, and agrochemicals.

Interest

The charge made for borrowed money. The rate at which we discount future economic goods.

Interest rate

The price of borrowed money.

Intermediaries

Distribution channel firms or persons that help to find the customer or make sales to them, including bulking agents, wholesaling, retailers that buy and resell goods.

International products

Goods or services seen as having extended potential into other markets.

Joint ventures

An enterprise in which two or more investors share ownership and control over property rights and operations.

Key informants

Active and leading members of the market chain.

Key observers

People who are knowledgeable about a market chain but are not directly involved in the business operations of the market chain.

Letter of credit

A method of international payment whereby the buyer instructs his own country bank to open a credit with the seller's own country bank specifying the documents which the seller has to deliver to the bank for him/her to receive payment.

Levy

A tax imposed by government to meet a specific objective.

Licensing

A method of foreign operation cooperation whereby an organization in one country agrees to permit a firm in another country to use the manufacturing, processing, trademark, know-how, or some other skill provided by the licensor.

Local products

Goods or services seen only suitable in one single market.

Logo

Symbol or emblem used to identify a specific product and for marketing purposes to differentiate a specific product from similar items.

Mark of origin (appellation)

System by which producers and processors can legally register their products so that no other producers or processors can use this name, title or logo, unless they produce the product within a legally recognized area or territory and use specifically laid down methods of production and/or processing.

Market

The set of all actual and potential buyers of a product or service.

Market chain

Term used to describe the multiple market channels through which a product or service moves until reaching the consumer.

Market efficiency

A comparison of the value of output to the value of inputs used in the marketing process.

Market entry

The way in which an organization enters foreign markets either by direct or indirect export or production in a foreign country.

Market information services (MIS)

People, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers.

Market mix

The set of controllable tactical marketing tools—product, price, place, and promotion—that a firm blends to produce the response it wants in the target marketplace.

Market positioning

The adoption of a specific market stance, leader, challenger, follower, flanker, or adopter, vis à vis competition.

Market research

The function that links the consumer, customer, and public to the marketer through information—information used to identify and define market opportunities and problems to generate, refine, and evaluate marketing actions; to monitor marketing performance and to improve the understanding of the marketing process.

Market segment

A group of consumers who respond in a similar way to a given set of marketing stimuli.

Market segmentation

Dividing a market into distinct groups of buyers with different needs, characteristics, or behavior, who might require separate products or marketing mixes.

Market speculation

A marketing strategy whereby buyers hold stocks of a product in the hope that prices will increase, so that they can maximize profits when they decide to sell. Physical speculation requires that a lot or amount of produce is purchased and stored. There are costs associated with storage and for a speculation to be profitable the final sales value must be more than the costs of storage.

Market supply

The quantity of products that is offered for sale.

Marketing

Planning, executing, and controlling the conception, pricing, promotion and distribution of ideas, goods and services in order to build lasting, mutually profitable exchange relationships satisfying individual and organizational objectives.

Marketing costs

Agricultural marketing refers to the activities involved in taking a product from the farm gate and delivering it in the form, at the time and to the place that the buyer requires. Such costs are therefore incurred through handling, transport, storage, processing, packaging, market fees, risk management, brokerage, export handling, and others.

Marketing process

The process of analyzing market opportunities, selecting target markets, developing a marketing mix, and managing the marketing effort.

Marketing strategy

The marketing logic by which the business unit hopes to achieve its marketing objectives.

Media

Any paid for communication channel including television, radio, posters, etc.

Middleman

Person who trades in goods, a buyer and seller of goods and services.

Net marketing margin

Excludes normal marketing costs, thereby providing a measure of the profit realized. Net marketing margins may however also include the remuneration of the trader or processor's labor, in which case it is not an exact profit indicator.

Niche marketing

Adapting a company's offerings and products to more closely match the needs of one or more sub-segments where there is often little competition.

Non-tariff barriers

Measures, public or private, that cause intentionally traded goods or services to be allocated in such a way as to reduce potential real world income.

Opportunity cost

The value of other opportunities given up in order to produce or consume any good.

Option

A bilateral contract giving its holder the right, but not the obligation to buy or sell a specified asset at a specific price, at or up to, a specific date. Type of financial instrument that gives the holder the right to buy or sell futures contracts.

Output markets

Markets where harvested products are sold—these are the more traditional assembly, wholesale, and retail markets.

Packaging

Activities involved designing and producing the container or wrapper for a product.

Patenting

Legal mechanism used to protect products from being copied by other entrepreneurs. The patent scheme usually lasts for a designated period of time, 10 years, after which time the scheme either elapses or the inventor or owner provides evidence of innovation to renew the patent to protect the value of the given intellectual property.

Penetration price

The charging of a low price in order to gain volume sales conducted under conditions of little product uniqueness and elastic demand patterns.

Physical distribution

The act and functions of physically distributing goods and services including the elements of transport, warehousing, and order processing.

Place

All the company/firm activities that make the product or service available to the target customer.

Price

The amount of money charged for a product or service or the sum of the values that consumers exchange for the benefits of having or using a product or service.

Price ceiling

The maximum price which can be charged bearing in mind competition and what the market can bear.

Price elasticity of supply

Defined as a measure of the percentage change in quantity supplied in response to a percent change in price. A supply elasticity of 0.4 for cotton in the short run means that the quantity supplied increases 0.4% for a 1% increase in the price of cotton.

Price escalation

The difference between the domestic price and the target price in foreign markets due to the application of duties, dealer margins, and/or other transaction costs.

Price floor

The minimum price which can be charged bounded by product cost.

Primary data

That data which is collected and generated as part of a survey. Unpublished data from individuals or organizations.

Product

Anything that can be offered to a market for attention, acquisition, use of consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organizations, and ideas.

Product strategy

A set of decisions regarding alternatives to the target market and the marketing mix given a set of market conditions.

Promotion

Activities that communicate the product of service and its merits to target consumers and persuade them to buy. The offer of an inducement to purchase, over and above the intrinsic value or price of a good service.

Quality

The totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs.

Quota

A specific imported amount imposed by one country on another, when once filled cannot be exceeded within a given time. When a quota is in force the price mechanism is not allowed to operate.

Relationship marketing

The process of creating, maintaining, and enhancing strong value laden relationships with customers and other stakeholders.

Rent

Return in excess of opportunity cost, often enabled through political protection or advantaged access to commercial information.

Retailer

A channel institution which acts as an intermediary between other channel institutions and the end user and who usually breaks bulk, charging a margin for its services.

Secondary data

That data which already exists in other texts.

Sector

Relates to the all activities under the mandate of one government ministry, such agriculture, health, education, justice.

Services

Activities, benefits, or satisfactions that are offered for sale.

SMS

Short message service, text used to transfer information via mobile phones.

Speculation

The purchase or sale of title to goods or financial obligations in the expectation of favorable price movements.

Standardization

Same goods or services marketed in either product, distribution, or advertising form, unchanged in any country.

Strategic business unit

A self-contained grouping of organizations, products, or technologies which serve an identified market and competes with identified competitors.

Strategic plan

A plan that describes how a firm will adapt to take advantage of opportunities in its constantly changing environment, thereby maintaining a strategic fit between the firm's goals and capabilities and its changing market opportunities.

Sub-sector

A part of a sector. In agriculture, a sub-sector focuses on one area, such as grains, fish, livestock, etc., or can be more detailed to all that relates to one particular commodity only, such as the maize, rice, cassava, beef sub-sectors.

Substitutes

Two different goods or resources between which a choice is made to satisfy human wants (or to produce a product).

Super brand

A product that has world renowned reputation, for providing customer satisfaction and delight, e.g., the soft drink Coca-Cola, the NIKE sports shoe.

Tariff

An instrument of terms of access normally the imposition of a single or multiple excise rates on an imported good.

Traceability

System by which a product is tagged, such that it can be traced from source of origin to final user. This process may become mandatory in formalized food markets.

Trade Mark

Legally recognized name, symbol, or title, which can only be used for marketing purposes by the originating or owning company.

Transaction

A trade between two parties that involves at least two things of value, agreed upon conditions, a time agreement, and a place of agreement.

Transaction costs

Transaction costs relate to the non-price costs of making a commercial exchange. These are expenses incurred in finding someone to trade with, time spent negotiating a deal and the costs involved in ensuring that contracts are honoured, all fall under the general category of transaction cost.

Value

The consumer's assessment of the product's overall capacity to satisfy his or her needs.

Value added

The contribution to final produce value by each stage in the production, delivery, and marketing process. Also, includes transformation processing of goods from primary to final state offered to a consumer.

Vertical integration

The linkage of firms (enterprises) in different stages of producing and/or marketing under the ownership of a single firm.

Wholesaler

A channel institution which purchases and sells in bulk from either original suppliers and/or other channel intermediaries, charging a margin for its services.